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ABSTRACT

Multi-year employee contracts can substantially reduce the time and energy that goes into negotiations. In this transcript, panelists from the Strongsville (Ohio) city schools discuss their recent 5-year settlement with their non-teaching (classified) employees. Each panelist is introduced, and then the first, James Marietta, provides an overview of the Strongsville district and discusses previous 2- and 3-year contracts with classified and with teaching staffs. He then describes the role of the board of education in the negotiating process, including setting of parameters for negotiation, relations with the superintendent, and adherence to procedure. Thereafter, John A. Brown provides suggestions on how to negotiate a multi-year agreement. These cover pre-planning, board administrator consensus, organization, and credibility. John Jackson follows, discussing the wage settlement and explaining how to compute a fair annual cost of living adjustment. Patrick McMahon concludes with a discussion of the role of the financial planner. (TE)

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Author: John A. Brown

1984 NSBA Convention-Houston, March 31 - April 3
Clinic No. C-37 Speaker: Jesina (Ohio)

2:30-2:38 PM - MR. CARL JESINA

"How to Negotiate (Successfully) a Multi-Year Contract

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NEGOTIATIONS WITH EMPLOYEE GROUPS IS A COMMON PROBLEM FOR MOST SCHOOL DISTRICTS TODAY. THIS PROCESS REQUIRES AN EXTENSIVE AMOUNT OF TIME AND ENERGY, BY BOTH THE EMPLOYEE GROUP AND MANAGEMENT, TO ARRIVE AT A FINAL SOLUTION FOR A PERIOD OF TIME.

NEGOTIATIONS CAN FURTHER DISRUPT THE EDUCATIONAL PROCESS, CREATE NEGATIVE EMPLOYEE RELATIONS, AND CREATE ADVERSE COMMUNITY REACTIONS, WHICH IS DETRIMENTAL TO THE STUDENTS AND SCHOOL DISTRICT.

OUR SOLUTION TO THIS MANY FACETED PROBLEM IS TO NEGOTIATE MULTI-YEAR EMPLOYEE CONTRACTS. SPECIFICALLY, OUR PANELISTS WILL BE DISCUSSING OUR 5-YEAR SETTLEMENT LAST YEAR WITH OUR NON-TEACHING (CLASSIFIED) EMPLOYEES.

OUR PANELISTS THIS AFTERNOON ARE:

MR. CARL JESINA, IS THE PRESIDENT OF THE STRONGSVILLE BOARD OF EDUCATION. MR. JESINA IS AN ATTORNEY AND AN EXECUTIVE OFFICER WITH A BS DEGREE IN PHARMACY FROM THE UNIVERSITY OF IOWA AND A JURIS DOCTORATE FROM THE GEORGETOWN UNIVERSITY LAW CENTER. HE IS IN HIS SIXTH YEAR AS A MEMBER OF OUR BOARD OF EDUCATION.

MR. JAMES MARIETTA, IS A MEMBER OF OUR BOARD OF EDUCATION. HE IS A FINANCIAL CONSULTANT AND A CPA WITH A BACHELOR'S DEGREE FROM CLEVELAND STATE UNIVERSITY. MR. MARIETTA IS IN HIS SEVENTH YEAR AS A MEMBER OF OUR BOARD OF EDUCATION.

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DR. JOHN A. BROWN, IS IN HIS SIXTH YEAR AS SUPERINTENDENT OF STRONGSVILLE CITY SCHOOLS. IN ADDITION, HE HAS BEEN SUPERINTENDENT OF SCHOOLS IN A SMALL RURAL DISTRICT IN OHIO, AND A MODERATELY SIZED SCHOOL DISTRICT IN NORTHERN INDIANA. A FORMER HIGH SCHOOL PRINCIPAL AND TEACHER, DR. BROWN RECEIVED HIS PH.D. FROM MIAMI UNIVERSITY. ACTIVE IN SCHOOL AND COMMUNITY AFFAIRS, DR. BROWN SERVES ON THE BOARD OF TRUSTEES FOR THE CHAMBER OF COMMERCE AND THE SOUTH-WEST GENERAL HOSPITAL.

MR. PAT MCMAHON, IS A CERTIFIED PUBLIC ACCOUNTANT WITH A BACHELOR'S DEGREE FROM KENT STATE UNIVERSITY IN ACCOUNTING AND A MBA FROM KENT IN FINANCE. HE IS A MANAGER AT COOPERS & LYBRAND AND IS VERY ACTIVE IN OUR COMMUNITY. HE IS VICE-PRESIDENT OF THE OPTIMIST CLUB AND A TRUSTEE AT SOUTHWEST GENERAL HOSPITAL.

MR. JOHN JACKSON, IS A PARTNER IN THE CLEVELAND LAW FIRM OF WESTON, HURD, FALLON, PAISLEY AND HOWLEY. HE HAS A BACHELOR'S DEGREE FROM OHIO UNIVERSITY AND A JURIS DOCTORATE FROM CLEVELAND STATE UNIVERSITY. HE IS A FORMER HIGH SCHOOL MATH TEACHER AND WAS AN ASSISTANT COUNTY PROSECUTOR FOR FOUR YEARS. HE IS A MEMBER OF THE OHIO COUNCIL OF SCHOOL BOARD ATTORNEYS AND REPRESENTS OUR SCHOOL SYSTEM IN NEGOTIATIONS.

2:38-2:48 PM - MR. JAMES MARIETTA

BY WAY OF INTRODUCTION, I WOULD LIKE TO TELL YOU A LITTLE ABOUT STRONGSVILLE, OHIO AND THE STRONGSVILLE CITY SCHOOLS.

STRONGSVILLE IS THE FASTEST GROWING SUBURB IN NORTHEASTERN OHIO. IT IS A CITY OF APPROXIMATELY 33,000 RESIDENTS WITH AN EXCELLENT BALANCE OF RECREATIONAL, RESIDENTIAL, COMMERCIAL, AND INDUSTRIAL ZONING. THIS PROVIDES A GOOD TAX BASE FOR OUR SCHOOLS. STRONGSVILLE'S CONVENIENT LOCATION AT THE INTERSECTION OF INTERSTATE 71 AND THE OHIO TURNPIKE, MAKES CLEVELAND AND SURROUNDING AREAS EASILY ACCESSIBLE. WE ARE WITHIN TEN MINUTES OF CLEVELAND HOPKINS INTERNATIONAL AIRPORT. WE HAVE APPROXIMATELY 6,000 STUDENTS IN KINDERGARTEN THROUGH GRADE 12. THERE ARE TEN PUBLIC SCHOOLS WITHIN THE CITY, SEVEN ELEMENTARY SCHOOLS, TWO JUNIOR HIGH SCHOOLS, AND ONE SENIOR HIGH SCHOOL.

DURING THE PAST SIX YEARS, THE STRONGSVILLE CITY SCHOOL DISTRICT HAS HAD TWO PREVIOUS MULTI-YEAR CONTRACTS WITH OUR LOCAL OAPSE CHAPTER, CONSISTING OF A TWO-YEAR AND A THREE-YEAR AGREEMENT. BOTH MULTI-YEAR CONTRACTS WERE A FIRST FOR THE DISTRICT. IN THE SECOND AGREEMENT, A TWO-YEAR PACT, WE NEGOTIATED A MAJOR STRENGTH - A PROVISION MANDATING A FORMAL MONTHLY DISCUSSION INVOLVING AT LEAST 15 OAPSE MEMBERS. WE NOW DISCUSS ISSUES WHICH IN THE PAST NEVER WERE OPEN TO DIALOGUE. IN THESE DISCUSSIONS, WE UTILIZED EVERY

AVAILABLE OPPORTUNITY TO LOBBY FOR A CONTINUATION OF THE MULTI-LEVEL CONCEPT. WE EXPLAINED, ANSWERED QUESTIONS AND DEFENDED OUR POSITION.

ALSO DURING THESE LAST SIX YEARS, WE HAVE HAD MULTI-YEAR CONTRACTS WITH OUR TEACHING STAFF. THE FIRST ONE BEING A THREE-YEAR AGREEMENT AND THE CURRENT AGREEMENT BEING A THREE AND ONE-HALF YEAR AGREEMENT, WHICH WE REOPENED AT THE END OF TWO YEARS AND RE-NEGOTIATED SALARY AND EXTENDED THE CONTRACT A HALF YEAR.

MY FINAL TOPIC THIS AFTERNOON CONCERNS THE BOARD OF EDUCATION AND ITS ROLE IN THE NEGOTIATING PROCESS:

(SLIDE #1)

(FIRST OF ALL) 1. THE BOARD OF EDUCATION ESTABLISHES ALL PARAMETERS - FINANCIAL AND LANGUAGE.

(SECONDLY) 2. IN OUR DISCUSSION WITH THE SUPERINTENDENT, WE HAVE AN OBLIGATION TO OPENLY DISCUSS ALL "PET PEEVES" FROM PAST AGREEMENTS. IN OTHER WORDS, THERE CANNOT BE "HIDDEN AGENDAS". EVERYTHING IS DISCUSSED.

3. WE EXPECT OUR SUPERINTENDENT TO (FIRST OF ALL) LISTEN TO OUR CONSENSUS EXPECTATIONS, THEN TO ADVISE US AS TO WHAT HE BELIEVES IS POSSIBLE TO ACHIEVE. IN THIS EXCHANGE OR DIALOGUE, WE ARRIVE AT OUR FINAL FINANCIAL AND LANGUAGE PARAMETERS.

4. WE THEN DELEGATE THE OPERATIONAL PHASE TO THE SUPERINTENDENT AND HIS STAFF. BOARD MEMBERS DO NOT SIT AT THE BARGAINING TABLE.

5. WE EXPECT PERIODIC UP-DATES FROM OUR SUPERINTENDENT.

6. WE STAND FIRM WHEN EMPLOYEES TRY TO CIRCUMVENT THE FORMAL PROCESS BY GIVING US THEIR INPUT. AFTER POLITELY LISTENING, WE REFER THEM BACK TO THE FORMAL PROCESS.

7. WE ACTIVELY COMMUNICATE WITH OUR SUPERINTENDENT AND VICE VERSA, EXCHANGING COMMUNITY AND EMPLOYEE CONVERSATIONS.

(AND FINALLY) 8. ASSUMING ADHERENCE OF OUR PARAMETERS, WE RATIFY THE RECOMMENDED AGREEMENT.

DR. BROWN WILL NOW SHARE HIS PERCEPTIONS.

2:48-2:58 PM - DR. JOHN BROWN

THANK YOU, MR. MARIETTA.

(BEAR JOKE)

FIVE-YEAR NEGOTIATED CONTRACTS MAKE NEWS BECAUSE OF THEIR INFREQUENCY OF USE. ALTHOUGH OHIO HAS FEW FIVE-YEAR PACTS, THE RECENT TREND TOWARD MULTI-YEAR PACTS (TWO OR MORE) HAS INCREASED. IN 1983, THERE WERE _____ MORE MULTI-YEAR PACTS THAN IN 1982. ALTHOUGH SOME YEARLY ABBREVIATIONS EXIST (19 , 19 , 9), THE NUMBER OF MULTI-YEAR NEGOTIATED SETTLEMENTS HAVE INCREASED STEADILY SINCE 1970.

WITH RESPECT TO MULTI-YEAR CONTRACTS, THEY ARE MUCH MORE DIFFICULT TO ACHIEVE THAN THEY ARE TO DISCUSS OR PLAN. IN FACT, WE BELIEVE IT A GROSS OVERSTATEMENT OF FACT TO STATE THAT PLANNING (OR PROPER

PLANNING) PRODUCES A MULTI-YEAR AGREEMENT. HOWEVER, WE DO BELIEVE THAT PLANNING THE MULTI-YEAR AGREEMENT WAS CENTRAL TO OUR RECENTLY COMPLETED FIVE-YEAR AGREEMENT WITH OUR LOCAL CHAPTER OF OAPSE.

THE ADVICE THAT FOLLOWS WAS OBTAINED FROM OUR PERSONAL EXPERIENCE IN NEGOTIATING A FIVE-YEAR CONTRACT. BUT BEWARE: THIS ADVICE WON'T GUARANTEE YOU EQUAL RESULTS AND SOME OF IT JUST PLAIN WON'T WORK IN YOUR SITUATION. SO WITH THESE TWO CAVEATS, HERE ARE MY SUGGESTIONS ON HOW TO NEGOTIATE A MULTI-YEAR AGREEMENT.

(SLIDE #2)

(FIRST OF ALL) 1. PRE-PLANNING. I MEET WITH ALL ADMINISTRATORS PRIOR TO MY PARAMETER SETTING MEETING WITH THE BOARD OF EDUCATION. I OBTAIN INPUT FORM OUR ADMINISTRATIVE TEAM ON NECESSARY LANGUAGE CHANGES, NEW LANGUAGE REQUESTS AND THEIR RATIONALE, AND ANY "GRAPEVINE" INFORMATION. I THEN REVIEW FINANCIAL INFORMATION WITH A CENTRAL OFFICE BUDGET TEAM.

(SECONDLY) 2. DREAM THE SOLUTION. WE CAN ALL LEARN FROM THE BASKETBALL "FOUL SHOOTER" WHO FIRST MENTALLY PRACTICES A SUCCESSFUL SHOT BEFORE PHYSICALLY ATTEMPING THE SHOT. COLLECTIVE BARGAINING IS NOT A SINGLE PROCESS. IT IS A DIVERSE PROCESS CALLING FOR A POSITIVE ATTITUDE BASED UPON A CREATIVE PLANNING STRATEGY. TO ME, THIS IS THE MOST IMPORTANT STEP. ALTHOUGH PLANNING AND "DREAMING" WILL NOT GUARANTEE SUCCESS, FAILURE TO DREAM WILL

PORTEND FAILURE OR AT LEAST AN UNCERTAIN RESULT. FAILURE TO DREAM YIELDS ONLY MECHANICAL SOLUTIONS AND DOES NOT ADDRESS THE SOLUTION TO "ROOT PROBLEMS".

3. BOARD SETS NEGOTIATING PARAMETERS.
4. WIN OR TIE; WE'RE WITH YOU. THE STRONG COMMITMENT OF THE BOARD OF EDUCATION AND THE ADMINISTRATIVE TEAM IS ESSENTIAL FOR SUCCESS AT NEGOTIATING A MULTI-YEAR PACT. ALL MEMBERS MUST UNDERSTAND AND ENDORSE THE MULTI-YEAR CONCEPT. PHILOSOPHICAL AS WELL AS PRAGMATIC DIFFERENCES OF OPINION MUST BE OPENLY DISCUSSED WITH CONSENSUS OBTAINED ON THE ISSUES. THE SUPERINTENDENT MUST KNOW HOW ALL "LAND MINE" ISSUES CAN BE RESOLVED. DURING THE FORMAL PROCESS, WE HAVE FREQUENT DISCUSSIONS WITH OUR ADMINISTRATIVE TEAM.
5. ORGANIZATION. I BELIEVE THAT THE CHIEF NEGOTIATOR AT THE TABLE SHOULD BE A PROFESSIONAL AND SOMEONE NOT REGULARLY EMPLOYED BY THE BOARD OF EDUCATION. NAMELY, A CONSULTANT. I ALSO SEND THREE ADMINISTRATORS INTO THE TABLE DISCUSSIONS - A CENTRAL OFFICE ADMINISTRATOR, A SECONDARY PRINCIPAL AND AN ELEMENTARY PRINCIPAL. JOINING MYSELF "BEHIND THE SCENES" ARE ADMINISTRATIVE PERSONNEL - FINANCE, A SCHOOL PRINCIPAL OR CURRICULUM SUPERVISOR, AN ADMINISTRATIVE ASSISTANT AND A SECRETARY. OCCASIONALLY, WE ALSO EMPLOY CONSULTANTS (AS NEEDED).

AS THE PROCESS CONTINUES, WE MEET WITH OUR TEAM AT THEIR CAUCUSES.

6. KNOW YOUR AUDIENCE. OUR TEAM HAD CREDIBILITY WITH THE OAPSE TEAM. WE USED THE CREDIBILITY WITH THE OAPSE TEAM. WE USED THE CREDIBILITY AS A SPRINGBOARD FOR THE DEVELOPMENT OF:

    1. MUTUAL TRUST AND/OR RESPECT
    2. INFORMAL AS WELL AS FORMAL COMMUNICATIONS OF ALL PROBLEM AREAS.

THE ATMOSPHERE OF NEGOTIATIONS IS ENHANCED BY PLEASANT, BUT FAMILIAR, PHYSICAL ARRANGEMENTS. WE INITIATED NEGOTIATIONS WITH AN INFORMAL DINNER AND CONCLUDED (AFTER RATIFICATION) THE SESSION WITH A LATE NIGHT BUFFET.

7. OUR PERSONAL GUARANTEE. ALTHOUGH MOST OF THE ISSUES HAD BEEN RESOLVED, THE FINANCIAL SETTLEMENT FOR FIVE YEARS REMAINED A PROBLEM. WITH CONSULTANT ASSISTANCE, WE OFFERED A "FINANCIAL FORMULA". THE OFFER WAS INITIALLY PRESENTED BY THE SUPERINTENDENT TO THE OAPSE TEAM. THE SUPERINTENDENT, AS THE DIRECT REPRESENTATIVE OF THE BOARD OF EDUCATION, PLEDGED (USING AN AGREED TO MANAGEMENT RIGHTS PROVISION) TO "MAKE THE FORMULA WORK" FOR BOTH SIDES. STRONG, DEMONSTRATED SUPPORT OF THE BOARD OF EDUCATION ENABLED THE SUPERINTENDENT TO BOTH DELIVER THE PLEDGE AND BE CREDIBLE TO OAPSE.

IN THE LATER FORMAL STAGES, OUR TEAM REINFORCED THIS PLEDGE AND FURTHER EXPLAINED THE DETAILS OF OUR "FORMULA".

8. FINAL SETTLEMENT. A NEGOTIATED SETTLEMENT IS A PLANNED FORECAST AND A SYSTEMIZED FORM OF EDUCATIONAL/FINANCIAL PLANNING. AS A WRITTEN SUMMATION OF MUTUAL AGREEMENT, IT SERVES TO BUILD RELATIONSHIPS - EITHER POSITIVE OR NEGATIVE. AT OUR RATIFICATION MEETING, AN INVITATION TO PRESENT INFORMATION AND ANSWER QUESTIONS TO THE VOTING UNION MEMBERSHIP WAS ACCEPTED BY THE SUPERINTENDENT AND THE CHIEF BOARD NEGOTIATOR. THIS WAS A NEW STEP DESIGNED TO LAY THE FOUNDATION FOR CONTINUING POSITIVE RELATIONSHIPS AND TO SERVE AS A BASE FOR FUTURE NEGOTIATIONS.

   SINCE WAGES ARE ALWAYS AN IMPORTANT PART OF THE FINAL SETTLEMENT, THE STRONGSVILLE CITY SCHOOL DISTRICT USED A CREATIVE PLAN AS PART OF THE WAGE SETTLEMENT THAT WOULD BE PART OF THE PRESENTATION.

MR. JACKSON WILL ADDRESS THIS TOPIC.

2:58-3:08 PM - MR. JOHN JACKSON

THANK YOU, DR. BROWN. GOOD AFTERNOON.

SLIDE #3A & 3B

SINCE MY TIME IS LIMITED, I DO NOT PLAN TO ADDRESS THE "CHIEF NEGOTIATOR'S ROLE". RATHER, I WILL ADDRESS THE FINANCIAL SOLUTION OF THE 5-YEAR AGREEMENT.

AS ALWAYS, THE WAGE PLAN BECOMES AN IMPORTANT PART OF THE SETTLEMENT. WE SEARCHED FOR A PLAN THAT WOULD AFFORD PROTECTION FOR THE MANAGEMENT SIDE OF THE SETTLEMENT AS WELL AS BEING FAIR TO OUR EMPLOYEES OVER THE LONG TERM OF THE CONTRACT.

THE PLAN CALLS FOR THE FOLLOWING WAGE INCREASES:

1983-84	6-3/4%
1984-85	5%
1985-86	5%
1986-87	3%
1987-88	3%

IN ADDITION TO THE WAGE INCREASES, THE PLAN HAS A BUILT-IN ANNUAL COST OF LIVING ADJUSTMENT AND IS DEFINED AS FOLLOWS:

A) CONSUMER PRICE INDEX (CPI): CPI MEANS THE URBAN WAGE EARNERS' AND CLERICAL WORKERS' PRICE INDEX AS REPORTED BY THE UNITED STATES GOVERNMENT BUREAU OF LABOR STATISTICS AS OF THE FIRST DAY OF AUGUST.

B) PERCENTAGE INCREASE IN WAGES: THE PERCENTAGE INCREASE IN WAGES MEANS THE PERCENTAGE OF WAGE INCREASE FOR THE CONTRACT YEAR (THAT IS, 1983-84 - SIX AND THREE-QUARTERS PERCENT (6.75%); 1984-85 - FIVE PERCENT (5%); 1985-86 - FIVE PERCENT (5%); 1986-87 - THREE PERCENT (3%); AND 1987-88 - THREE PRECENT (3%).

C) DIFFERENTIAL: DIFFERENTIAL MEANS THE PERCENTAGE CHANGE IN THE CPI FOR THE CONTRACT YEAR (AUGUST TO AUGUST) MINUS THE PERCENTAGE INCREASE IN WAGES FOR THE CONTRACT YEAR. THIS NUMBER MAY BE POSITIVE, NEGATIVE OR ZERO.

D) CUMULATIVE DIFFERENTIAL: CUMULATIVE DIFFERENTIAL MEANS THE SUM OF THE DIFFERENTIALS. THIS NUMBER MAY BE POSITIVE, NEGATIVE OR ZERO.

E) WAGE: WAGE MEANS THE EARNINGS OF AN INDIVIDUAL EMPLOYEE FOR THE EMPLOYEE'S CALENDAR WORK YEAR, COMPUTED AS THE PRODUCT OF THE INDIVIDUAL'S HOURLY WAGE AND THE HOURS WORKED. THE HOURS WORKED SHALL BE DETERMINED ON THE BASIS OF THE EMPLOYEE'S REGULAR WORKDAY INCLUDING PAID HOLIDAYS, PAID LEAVE DAYS, AND PAID VACATION DAYS, BUT SPECIFICALLY EXCLUDING OVERTIME AND ALL OTHER ADDITIONAL BENEFITS AND PAID TIME.

COMMENCING IN AUGUST 1984, AND ANNUALLY THEREAFTER IN AUGUST, UNTIL AUGUST 1988, THE TREASURER SHALL COMPUTE THE DIFFERENTIAL AND THE CUMULATIVE DIFFERENTIAL FOR THE PRECEDING

CONTRACT YEAR.

IF BOTH THE DIFFERENTIAL AND THE CUMULATIVE DIFFERENTIAL ARE POSITIVE NUMBERS, EACH EMPLOYEE SHALL RECEIVE A MONETARY ADJUSTMENT EQUIVALENT TO THE PRODUCT OF THE DIFFERENTIAL AND THE EMPLOYEE'S WAGE FOR THE IMMEDIATELY PRECEDING TWELVE (12) MONTH PERIOD FROM AUGUST TO AUGUST. SAID ADJUSTMENT SHALL BE PAID TO THE EMPLOYEE IN A SINGLE PAYMENT DURING THE MONTH OF JANUARY FOLLOWING THE COMPLETION OF THE CONTRACT YEAR.

IF EITHER THE DIFFERENTIAL OR THE CUMULATIVE DIFFERENTIAL IS A NEGATIVE NUMBER, THERE SHALL BE NO ADJUSTMENT. IF THE DIFFERENTIAL IS ZERO, THERE SHALL BE NO ADJUSTMENT.

THE ADJUSTMENT SHALL HAVE NO AFFECT ON THE SALARY SCHEDULES ATTACHED AS APPENDICES A THROUGH E, INCLUSIVE.

THE SUM OF THE DIFFERENTIAL AND THE PERCENTAGE INCREASE IN WAGES SHALL NOT EXCEED TEN PERCENT (0%) IN ANY GIVEN YEAR.

ANY EMPLOYEE WHOSE EMPLOYMENT TERMINATES, FOR ANY REASON, BEFORE THE END OF THE EMPLOYEE'S CALENDAR WORK YEAR, SHALL NOT BE ENTITLED TO THE ADJUSTMENT, IF ANY, FOR THAT YEAR.

THE PLAN WAS DEFINED AND EXPLAINED TO THE OAPSE NEGOTIATIONS TEAM USING THE FOLLOWING EXAMPLES:

AFTER REACHING AGREEMENT AT THE TABLE, MEMBERS OF THE OAPSE BARGAINING TEAM ASKED IF WE WOULD BE WILLING TO PRESENT THE WAGE PLAN TO THEIR GENERAL MEMBERSHIP. THE MEMBERSHIP VOTED 93.9% IN FAVOR OF ACCEPTING THE FIVE-YEAR AGREEMENT, WHICH MEANS THEY CONSIDER THE PLAN TO BE A FAIR PLAN.

MR. MCMAHON WILL NOW DISCUSS THE ROLE OF A FINANCIAL PLANNER.

3:08-3:18 PM - MR. PATRICK McMAHON

THANK YOU, MR. JACKSON.

(JOKE OR SHORT STORY)

DURING THE NEGOTIATIONS PROCESS, THERE IS A NEED FOR LONG-RANGE FORECASTING. IT IS IMPORTANT TO ASSESS FUTURE FUNDING FROM THE LOCAL, COUNTY, STATE, AND NATIONAL LEVELS IN ORDER TO DETERMINE AVAILABLE INCOME. A FINANCIAL PLANNER HELPED TO ASSESS THE NATIONAL ECONOMY, COST OF LIVING, HOUSING STARTS, CONSUMER PRICE INDEX, AVERAGE WAGE SETTLEMENTS, THE TREND OF INTEREST RATES AND HOW THEY AFFECT THE ABILITY OF INDIVIDUALS TO PURCHASE HOMES, WHICH HAS A DIRECT EFFECT ON THE GROWTH POTENTIAL IN A SCHOOL DISTRICT. IT IS IMPORTANT TO HAVE AN ANALYSIS OF THE VARIOUS TYPES OF FRINGE BENEFITS AND AREAS IN WHICH A BOARD OF EDUCATION, PERHAPS, CAN GIVE A BENEFIT FOR LESS MONEY THAN IT WOULD COST THE EMPLOYEE TO PURCHASE THIS BENEFIT FOR HIMSELF. THIS IS ESPECIALLY TRUE IN TERMS OF TAX ADVANTAGES WHERE A BOARD MIGHT AWARD A BENEFIT WHICH IS IN ESSENSE TAX FREE AS OPPOSED TO HAVING AN EMPLOYEE HAVE TO PAY FOR A BENEFIT OUT OF ALREADY TAXED INCOME.

THE COMPUTER IS AN INVALUABLE RESOURCE IN THE NEGOTIATIONS PROCESS. THE FINANCIAL PLANNING AND FORECASTING THAT CAN BE DONE INSTANTANEOUSLY IS A

TREMENDOUS TIME-SAVER FOR THE NEGOTIATING TEAM IN THAT IT CAN PLUG IN CHANGING VARIABLES IN THE NEGOTIATIONS PROCESS TO DETERMINE VARIOUS COSTS OF PROPOSALS OR OFFERS. ANOTHER ADVANTAGE OF THE FINANCIAL PLANNER IS TO ADVISE THE NEGOTIATING TEAM AND THE BOARD OF EDUCATION ON THE TAX ADVANTAGES THAT MAY BE BUILT INTO BOARD PROPOSALS.

MR. JESINA, THIS CONCLUDES MY REMARKS.

3:18-3:28 PM - MR. CARL JESINA

THANK YOU, MR. MCMAHON AND MEMBERS OF THE PANEL.

BEFORE WE ENTERTAIN YOUR QUESTIONS, PERMIT ME TWO ADDITIONAL COMMENTS:

(FIRST OF ALL) 1. WE HAVE HANDOUTS (HOPEFULLY FOR EVERYONE TO PICK UP AT THE END OF THIS SESSION)

(SECONDLY) 2. LET ME RE-EMPHASIS DR. BROWN'S DISCLAIMER.

THE ADVISE THAT WE PRESENTED WAS FROM OUR PERSONAL EXPERIENCE IN NEGOTIATING A FIVE-YEAR AND OTHER MULTI-YEAR CONTRACTS. HOWEVER, THIS ADVICE WON'T GUARANTEE YOU EQUAL RESULTS AND SOME OF IT MAY NOT WORK IN YOUR SITUATION. ALTHOUGH WE HAVE DETAILED OUR PROCESS, PERHAPS OTHER FACTORS HAVE ALSO CONTRIBUTED TO OUR SUCCESS. AND NOW, WE HOPE TO PROVIDE ANSWERS AND ADDITIONAL INSIGHTS TO YOUR QUESTIONS. THANK YOU.